

Fact sheet on Deficit Reduction Act requirements for citizenship and identity

Kansans of all ages need health coverage. Unfortunately, in the past six months, between 18,000 and 20,000 Kansans have lost their Medicaid benefits due to the state's compliance with a new federal law, which became effective July 1, 2006, that requires many Medicaid applicants to provide documentation verifying their citizenship and identity. These new requirements, additional work now required for both applicants and state eligibility workers, and the abbreviated implementation timeframe dictated by the Federal government have created a barrier to coverage for both Medicaid and State Children's Health Insurance Program (SCHIP) eligible individuals. KHPA staff have re-engineered enrollment and utilized electronic verification where appropriate, but will not be able to address the new workload without additional resources. Even after resources are made available, the new requirements may have a negative impact on coverage for eligible Kansans. KHPA is recommending that Congress revisit the legislation to consider the impact on states and beneficiaries.

Impact on beneficiaries

How have beneficiaries been affected?

- Significantly increased time and other costs of applying for Medicaid benefits have affected beneficiaries. Although KHPA has made arrangements to electronically "match" with Kansas state birth certificate records, many applicants who were born out of state report the need to purchase and wait for their birth records to be sent by mail.
- Those denied coverage or who are waiting for their applications to be reviewed may experience increased out-of-pocket health costs and reduced access to service.
 - Research clearly indicates that the uninsured have a harder time accessing health care services than those with Medicaid coverage.
 - Those who are uninsured as a result of the new laws may be required to purchase medical services using grocery money or other scarce resources, or to incur medical debt that could otherwise have been avoided.
 - Applicants in Kansas have shared numerous personal stories with the Clearinghouse over the last six months that validate these concerns:
 - A woman who applied for benefits for her and her child two months ago, has still not heard back on whether they are insured. Now, her child is sick.
 - After applying for Medicaid several months ago, a pregnant mother has not yet received her Medicaid card. The baby is due soon and her doctor is now billing her.
 - One family moved from Iowa and is struggling to get their son medication for his extreme case of ADHD. An Iowa doctor sent the prescription twice and asked a pharmacy to pay, but he will no longer fill the prescription and the family cannot get the son into a doctor without HealthWave coverage. The school reports that the son is spending more time in the principal's office than in the classroom because he is not getting his medication.

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How has caseload been affected?

- The number of individuals enrolled in Kansas Medicaid or SCHIP has fallen significantly since the requirements went into effect. Caseload in the two programs combined was 308,994 in June 2006 and 285,134 in January 2006. We estimate that 18,000-20,000 of this decline is a direct result of the new verification requirements.
- Of this drop, 2,381 individuals are those whose applications or renewal cases have been closed because they could not provide the newly required documents in a timely fashion.
- Another 16,000 or more are waiting to enroll in the program, or have fallen off the program while waiting to be re-enrolled, as a result of the large backlog of cases the new requirements have created.
- Many of those waiting to be enrolled are eligible citizens. Recent experience indicates that the majority of children and families with pending applications will qualify for coverage under the new requirements when we are able to complete processing.

How have other states been affected by these new requirements?

- Since Kansas first reported on the impact of the new requirements in November, other States across the country have reported similar difficulties.
- Virginia has seen about 12,000 children who have been dropped from the state's Medicaid caseload since July 1, 2006. Iowa, Louisiana, New Hampshire and Wisconsin have experienced similar decreases.
- Like Kansas, Iowa reports the impact of the requirements on eligible citizens who need Medicaid benefits and are not able to obtain coverage.

Caused by new documentation requirements and overworked enrollment process

What are the new documentation requirements?

- The new Federal laws, effective July 1st, do not change eligibility rules but instead require applicants to provide certain documents verifying that they comply with rules governing citizenship and identity. States were notified of this new requirement on June 9, 2006 and the interim final rule was published in the federal register on July 12, 2006.
 - Citizenship: Medicaid eligibility has long been restricted to American citizens and certain legal immigrants such as refugee.
 - Identity: identity isn't an eligibility requirement, per se, but individuals and parents are required to apply on behalf of themselves and their children. In addition, applicants already must provide social security numbers and documentation of family income.
- The new laws require applicants, including those renewing their eligibility, to document citizenship and identity through one of the following criteria:
 - A *primary* document that verifies both citizenship and identity, such as a passport or certificate of naturalization; or
 - Separate *secondary* documents, one verifying citizenship, such as a birth certificate, and another verifying identity, such as a driver's license or school picture ID.

How have the new federal requirements impacted the enrollment process in Kansas?

- The Kansas Family Medical Clearinghouse, which handles about 85% of applications from children and families, receives about 9,500 applications or renewals each month representing about 35,000 individuals, each required to provide at least one new document.
- The number of customer service calls to the Clearinghouse has more than doubled from 23,000 to 49,000 per month.
- The number of voicemails received has increased tenfold from 1,200 to 11,000 per month.
- The number of faxes received has doubled to 6,000.

- Collecting, matching, and verifying these documents have increased the average amount of time required to complete an application.

Who is being affected by these new rules?

- The new rules apply to all Medicaid applicants and beneficiaries EXCEPT Medicare beneficiaries and those individuals receiving Supplemental Security Income (SSI). Recent federal law changes have also provided additional exemptions to those receiving Social Security Disability benefits and most youth in foster care or receiving adoption support.
- The primary impact of the new requirements is on children and families.
- To one extent or another, all Medicaid applicants may be affected.
 - Applicants who are unable to provide the required documentation in a timely manner are denied coverage.
 - Many applicants – especially children and families -- end up in the backlog that has developed since the new requirements were introduced. These applicants may or may not meet the documentation requirements, but in the meantime experience delays in the application process.
 - Disabled applicants who are not qualified for Medicare or SSI must comply with the new requirements, including children receiving home and community-based services, children needing institutional care, and adults applying for medical assistance through the Presumptive Medical Disability process, many of whom have a mental illness.
 - Because the vast majority of seniors age 65 and over receive Medicare, very few elderly are affected.

We anticipate hospital emergency rooms and other health care providers will bear some of the costs associated with uninsured applicants – especially for pregnant women who have been unable to enroll in Medicaid.

Steps being taken to mitigate the problem

What are the budgetary costs of the new requirements for the state of Kansas?

- In order to meet the new administrative burdens and mitigate the resulting impact on applicants, the KHPA is requesting an additional \$1 million in funding for FY 2007 and FY 2008 for the operation of its enrollment clearinghouse.
- These funds will be used by the enrollment contractor to hire 17 new contract staff to work through the backlog of pending applications, reduce waiting times and return eligible applicants to the program.
- KHPA is also requesting to hire an additional 4 state staff in FY 2007 and FY 2008 to address additional volume-related issues at the Clearinghouse, not related to the new citizenship requirements.

What measures are being taken to reduce the impact on beneficiaries?

- Resources at the Clearinghouse have been reallocated and enrollment processing has been adjusted to accommodate the new documentation requirements.
- KHPA is utilizing approved and reliable electronic sources of documentation, including the state's birth and immunization registries.
- KHPA will also be calling on our Congressional delegation to provide an update on the impact of these new laws, to suggest policy alternatives, and to recommend a Congressional review of the legislation.